

THE LEONARD LETTER

*A weekly electronic newsletter about
California government, business and taxes*

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November 27, 2006

QUOTE OF THE WEEK

"There is no gain except by loss. There is no life except by death. There is no vision but by faith." --- Walter Chalmers Smith, 18th century Scottish minister

AROUND THE STATE

*****The Costs of Illegal Immigration*****

The Claremont Institute has posted a short piece about the cost of illegal immigration to society, which I encourage you to read:

http://www.claremont.org/projects/local_gov/Newsletter/crimeimmigration.html

Along with some excellent statistics about the financial burden of illegal immigration, the Claremont folks cut to the central philosophical issue of allowing unfettered illegal immigration of around 500,000 people per year. They remind us that the American social compact is that government operates by the consent of the people and those who are not citizens therefore do not have the same obligation that citizens have with respect to how we act towards each other. They write:

"While the principles of the Declaration of Independence guarantee all human beings certain natural and unalienable rights, only parties who have consented to our government deserve the full rights of citizenship. Illegal immigrants are not part of the social contract giving legitimacy to this government. American citizens have not given their consent to higher taxes, crowded schools, jammed emergency rooms, clogged roads, unlawful turning of single-family homes into hotels or apartments into tenements, forced multicultural amenities such as bilingual education and multilingual ballots, or welfare and other services subsidizing poverty-prone immigrants. Above all, they never consented to higher crime rates."

A couple of the statistics cited in the piece:

In 1997 the National Academy of Sciences found that immigrant-headed households placed a net annual fiscal burden on California native-born residents of \$1,178 per household.

While the poverty rate is going down for all groups of American citizens, the number of poor Hispanics is up by 3 million since 1990. Last year 13 million Hispanics lacked insurance. They're 60 percent of the rise since 1990 (source: Paul Samuelson).

I agree with the assertion that a certain level of legal immigration is helpful for the American economy – and there are cultural benefits as well. But the Claremont Institute reminds us that the reason America works is because of liberty. Illegal immigration undermines liberty insofar that liberty only works if people uphold their obligations as citizens. Without this relation between the governed and the government, we cannot be a free people. The financial cost of illegal immigration is horrendous, but perhaps more important is how illegal immigration undermines the foundation of our democratic republic. While illegal immigrants from Mexico may be importing a hard work ethic, they also import the cultural after-effects of the Mexican revolution that has made Mexico such an illiberal country.

ISSUE FOCUS

*****Misery and More*****

Forbes magazine has published its annual Misery Index, a sum of several types of taxes (corporate income, personal income, wealth, employer social security, employee social security, and VAT/Sales) in countries all over the world. As Forbes writes, “It is our best proxy for evaluating whether policy attracts or repels capital and talent.” The nation with the worse misery rating was France (166.8), although it has lowered its rates since last year’s index. Sixteen countries on the index lowered their misery score in the last year while eight increased it. China came in second at 160. The first American ranking was for New York with a rating of 115.7. The lowest misery index countries were Hong Kong at 43.5 and the United Arab Emirates at 18.

Perhaps the biggest lesson of this is drawn from a recent article in Le Figaro: marginal tax rates in France were 50% in 2003. They will drop to 40% next year and, voila, the French economy is growing again. The Wall Street Journal’s Daniel Henniger noted last Friday that even the World Bank is heralding two global reforms: 1) “easing regulations on new business, and 2) “reducing tax rates and the administrative hassle of paying taxes.” Henniger also reminds us that it has been 25 years since President Reagan lowered the U.S. top marginal personal income tax rate from 70% to 28%. Clinton pushed that back up to nearly 40%; Bush has taken it back to 35%. Before the newly-empowered Democrats seek to push it back up again, they would do well to consider the low flat-tax rates of the Eastern Europe nations: Slovakia 19%, Romania 16%, Ukraine 13%.

*****General Policy Disproves Discrimination*****

The Governor took some heat from pro-family groups a couple months ago for signing into law Senator Kuehl’s SB 1441, “Bias Free Government Funded Services and Programs.” Current law prohibits discrimination on the basis of race, national origin, ethnic group identification, religion, age, sex, color, or disability, against any person in any program or activity conducted, operated,

or administered by the state or by any state agency, or that is funded directly by the state, or that receives any financial assistance from the state. SB 1441 added sexual orientation to these provisions.

I am a big fan of a certain private religious college that I will not name here. I was curious how this law would affect the school. While it is a private institution, many of its students rely on Cal Grants to pay a portion of the tuition. I was pleased to receive this response from an administrator of that college, which I will share with you:

“My hunch is that we are safe to receive Cal Grants, at least until we get a case from an actual homosexual student, and then we'd have to fight in court. After all, we would discipline any student for gross violations of chastity, such as fornication, should it become evident that such a thing happened, say, in a dorm, or during the school year. So we have the defense of a comprehensive policy, cast in general terms.”

So in other words, any sexual activity outside of marriage is expressly prohibited in that community. Thus, there cannot be “discrimination” against any particular group because the policy is enforced against all. Brilliant!

MISCELLANY

*****A Good Read*****

Earlier this month I was given a book by a member of the board of directors of a Boys & Girls Club in my district, and I commend it to you for your personal inspiration or as a terrific Christmas present. “A Hand to Guide Me: Legends and Leaders Celebrate the People Who Shaped Their Lives,” features Denzel Washington, the national spokesman for the Boys & Girls Club of America. Denzel’s introduction and conclusion frame the stories of more than 70 people, from actors to businesspeople to athletes. They are all people you will recognize and no matter who opens this book, they will find someone inside who looks like them, or has a background like theirs. The essayists write about the key people in their lives, some early on, some later, who inspired—or sometimes prodded, encouraged, goaded—them to be good people and to achieve their dreams. Many talk about their parents, but others describe the influence of teachers, neighbors, church leaders, coaches, bosses who were in their young lives either in place of or in addition to parents. One writer even explains that his family members were bad influences on him. Denzel says that he worked on this book to “shine a light on the Boys & Girls Clubs’ mission” of changing the world by “changing the life of a child.” As he and his cowriters demonstrate, children’s lives are changed in profound ways, in small circumstances, in ongoing encounters, in indelible instances. These stories are as inspiring as the book cover promises, and someone on your Christmas shopping list will appreciate them.

BOE AND LEGISLATIVE DATES

December 4, 2006 --- The 2007-08 Regular Session of the Legislature convenes for an organizational session at 12 noon (Art. IV, Sec. 3(a)).

December 12-13, 2006 --- Board of Equalization meets in Sacramento.

January 3, 2007--- Legislature reconvenes.

January 8, 2007 --- Swearing-in of new state Constitutional officers.

January 10, 2007 --- Budget Bill must be submitted by Governor (Art. IV, Sec. 12 (a)).

January 15, 2007 --- Rev. Martin Luther King Jr. holiday.

January 26, 2007 --- Last day for legislators to submit bill requests to the Office of Legislative Counsel.

January 31, 2007 --- Board of Equalization meets in Sacramento.

February 1, 2007 --- Board of Equalization meets in Sacramento.

February 12, 2007 --- Abraham Lincoln's Birthday.

February 19, 2007 --- George Washington's Birthday observed.

February 23, 2007 --- Last day for bills to be introduced (J.R. 61(a)(1),J.R. 54(a)).

February 27-28, 2007 --- Board of Equalization meets in Culver City.

NOTABLE DATES/ HISTORY

November 27, 1924 --- New York City's Macy's department store held its first Thanksgiving Day parade down a two-mile stretch of Broadway from Central Park West to Herald Square.

November 28, 1520 --- Portuguese-born Spanish explorer Ferdinand Magellan reached the Pacific Ocean from the Atlantic.

November 28, 1929 --- American explorer Richard Byrd began his flight over the South Pole.

November 29, 1890 --- The first Army-Navy football game was played between the U.S. Military Academy and the U.S. Naval Academy.

November 29, 1947 --- The United Nations (U.N.) adopted a plan for the partition of Palestine into Jewish and Arab zones with Jerusalem under U.N. trusteeship.

November 29, 1963 --- U.S. President Lyndon B. Johnson established the Warren Commission, headed by Supreme Court Chief Justice Earl Warren, to investigate the assassination of President John F. Kennedy.

November 30, 1782 ---A preliminary peace treaty between the colonies and England was signed in Paris.

December 1, 1913 --- The first drive-in gas station opened (in Pittsburgh).

December 1, 1955 --- Rosa Parks refused to give up her seat to a white man on a city bus in Montgomery, Alabama.

December 1, 1959 --- A camera mounted on the nose of a missile took the first color picture of Earth from space.

December 2, 1823 --- During his annual address to Congress, President James Monroe proclaimed a new U.S. foreign policy initiative that became known as the Monroe Doctrine.

December 2, 1859 --- In Charlestown, Virginia, militant abolitionist John Brown was executed for his raid on a Harpers Ferry arsenal.

December 2, 1942 --- Italian physicist Enrico Fermi produced the first nuclear chain reaction at the University of Chicago, Illinois.

December 3, 1847 --- Frederick Douglass published the first issue of his newspaper “North Star.”

GENERAL TAX INFORMATION

For answers to your general tax questions, call the Board of Equalization information center. Customer service representatives are available to help you from 8:00 a.m. to 5:00 p.m. Pacific time, Monday through Friday (except state holidays).

Toll-free number: 800-400-7115
TDD service for the hearing impaired
TDD phones: 800-735-2929
Voice phones: 800-735-2922

To reach the Taxpayer Rights Advocate’s office for assistance with any BOE issues, see <http://www.boe.ca.gov/tra/tra.htm>, or call toll-free 1-888-324-2798.

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